Connecticut State Department of Education

Uniform Chart of Accounts (UCOA)

Implementation Guide

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# Introduction

## Background

Connecticut statutesrequire that each school district: local or regional board of education, regional educational service center (RESC), and charter school implement a uniform system of accounting for school finances by completing and filing annual financial reports with the Connecticut State Department of Education (CSDE). The uniform system of accounting includes a uniform chart of accounts (UCOA) to be used at the school and district level. This guide provides a description of the UCOA account segments; the full, detailed UCOA can be found at: <http://www.sde.ct.gov/sde/cwp/view.asp?a=2680&q=334400>

The basis for the UCOA is the federal publication “Financial Accounting for Local and State School Systems 2009 Edition, published by the US Department of Education Institute of Education Sciences National Center For Education Statistics (NCES)” (Federal Handbook). Districts are expected to follow federal guidance and generally accepted accounting principles as discussed in the Federal Handbook. This guide provides supplemental information required to implement the UCOA in Connecticut for state and federal reporting purposes including the following:

* Design and Structure of the Uniform Chart of Accounts
* Departures from the NCES account classifications in the Federal Handbook that CSDE has made in order to accommodate its reporting needs
* Definitions and information on using the Segments of the UCOA

This guide does not provide direction regarding accounting principles. Districts encountering questions not addressed in this guide or the Federal Handbook should consult publications of the Governmental Accounting Standards Board, the district’s independent auditors, or the CSDE Bureau of Grants Management for technical assistance.

Note that certain financial data reported annually to CSDE not typically recorded in districts’ accounting systems will continue to be collected on separate data forms, for example expenditures of grant matching funds and in-kind services provided by towns or other agencies.

Suggestions and comments about the information in this guide should be directed to the Bureau of Grants Management: Mark Stange, at mark.stange@ct.gov, 860-713-6462; or David Twedt, at david.twedt@ct.gov, 860-713-6492.

## Updates

This guide will be updated periodically for new accounts, changes in accounts, rules, etc. When updates are made, a notification will be provided to districts of the update. Each update will be documented in the Appendix section of this manual.

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# Design and Structure of the Chart of Accounts

## Overview

Each account consists of a string of six standard segments:

Fund – Location – Function – Program – Object – Grant/Project

* Fund – the type of source from which funds are being expended
* Location – the school for which the funds are being used
* Function – the activity for which the funds are being used
* Program – the broad objective for which funds are used
* Object – the budget classification for which the funds are used
* Grant/Project – for grants, the grant year for which the funds are being expended

## UCOA structure

The structure of the UCOA for school districts consists of 22 digits grouped into the six segments:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Fund |   | Location | Function | Program | Object |   | Grant/Project |
| X | X | XX | XX | X | XX | XX | X | XX | X | XXX | X | XX | X |
| Fd1 | Fd2 | Fd3 | Ln1 | Ln2 | Fn1 | Fn2 | Pm1 | Pm2 | Ob1 | Ob2 | Ob3 | Pj1 | Pj2 |

Each segment and its structure is described further below. References to “Tabs” relate to the UCOA file at <http://www.sde.ct.gov/sde/cwp/view.asp?a=2680&q=334400>, which list the valid codes for each segment. Digits shown below as “Mandatory” are necessary for state and/or federal reporting; other digits may be used as needed by districts. References to “Balance Sheet” apply only to those districts that are required to maintain a balance sheet.

**Fund – 4 digits**

A Fund is a fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities, and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or to attain certain objectives in accordance with special regulations, restrictions, or limitations. District accounting systems must be organized and operated on a fund basis.

The intent of the Fund segment is to segregate or isolate types of funding and activities that are associated with the various fund types.

The Fund number is composed of four digits. The first digit provides a fund type designation, which is consistent with the Federal Handbook. The remaining digits are used to designate the funding source for special revenue funds. The following table outlines those digits in the Fund number that will be used for reporting purposes. See Tabs “BOTH-Fund Ranges” and BOTH-Fund Codes”.

**Fund (continued)**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Revenue** | **Expenditure** | **Balance Sheet** |
| **Fd1 - 1 digit** | Mandatory | Mandatory | Mandatory |
| **Fd2 - 1 digit** | Mandatory for all Special Revenue fund accounts | Mandatory for all Special Revenue fund accounts | Not required |
| **Fd3 - 2 digits** | Mandatory for state and federal grants paid by or passed through CSDE - See Tabs ED-SRFunds\_Fed and ED-SRFunds\_CT | Mandatory for state and federal grants paid by or passed through CSDE - See Tabs ED-SRFunds\_Fed and ED-SRFunds\_CT | Not required |

**Location – 3 digits**

The Location represents either a specific school or a department within a district and is specific to the UCOA. The Location segment identifies the physical location where funds are being used. The Location field consists of three digits, with the first two digits representing the school code in the CSDE directory manager, and the third digit used for further delineation if needed. The following table outlines those digits in the Location number that will be used for reporting purposes. Codes for Ln1 are listed on Tab “ED-Location”.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Revenue** | **Expenditure** | **Balance Sheet** |
| **Ln1 - 2 digits** | Mandatory - see note below | Mandatory - see note below | Not required |
| **Ln2 - 1 digit** |  Not required |  Not required | Not required |

Note: Ln1 is the School Code per CSDE Directory Manager for schools operated by the district, for school-level accounts. For district-level accounts, and balance sheet accounts (if applicable), “00”. All expenditure accounts are school-level accounts except for:

* Food services
* Transportation
* Tuition expenditures for outplaced students/students educated in other districts
* Summer school
* Student activity
* Adult education
* Enterprise operations
* Those relating only to the district central offices.

**Function – 4 digits**

A Function is a group of related activities aimed at accomplishing a major service for which the district is responsible. The Function describes the activity for which a service or material object is acquired. The numbering scheme in the UCOA follows the function descriptions from the Federal Handbook. The following table outlines those digits in the Function number that will be used for reporting purposes. Codes for Function are listed on Tab “ED-Functions”.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Revenue** | **Expenditure** | **Balance Sheet** |
| **Fn1 - 2 digits** | Mandatory – see note below | Mandatory – see note below | Not required |
| **Fn2 - 2 digits** | Not required | Not required | Not required |

Note: Function codes are per the Federal Handbook, but only the first two digits are recognized by CSDE. For the Instructional “1000” and Debt Service “5000” accounts, only the 1st digit is recognized.

**Program – 3 digits**

A Program is a plan of activities and procedures designed to accomplish a predetermined objective or set of objectives. Several broad program areas have been identified that are intended to capture similar instructional services delivered to each school. The numbering scheme in the UCOA follows the program descriptions from the Federal Handbook for each major category (Pm1); detail codes (Pm2) are available for district use. The following table outlines those digits in the Program number that will be used for reporting purposes. Codes for Program are listed on Tab “ED-Program”.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Revenue** | **Expenditure** | **Balance Sheet** |
| **Pm1 - 1 digit** | Not required | Mandatory | Not required |
| **Pm2 - 2 digits** | Not required | Not required | Not required |

**Object – 5 digits**

An Object is the segment that contains the specific balance sheet, revenue, or expenditure accounts for which transactions are classified.

The first digit in the Object segment is used to designate the type of account:

1 = Asset

2 = Liability

3 = Fund Equity

4 = Revenue

5 = Expenditure

**Balance Sheet** (asset, liability, and equity) Objects are included to enable accounting and reporting by charter schools and other organizations with expanded balance sheet needs. They are not applicable to districts that do not maintain balance sheet accounts. The balance sheet object codes are comprehensive in the UCOA to include a combined municipal and education account structure. As such, the account numbering does not align to the Federal Handbook and includes more accounts than are applicable for a district only; definitions are provided in Appendix A. Codes for Balance Sheet are listed on Tab “BOTH-BalSheetObj”.

**Revenue** Objects are segregated by source and specific category, also by each Fund. The revenue object codes are comprehensive in the UCOA to include a combined municipal and education account structure. As such, the account numbering does not align to the Federal Handbook and includes more accounts than are applicable for a district only. Codes for Revenue are listed on Tab “BOTH-RevObj”.

**Expenditure** Objects classify in detail the services or commodities bought from the financial resources in the fund source from which the expenditure is being made. The three digits following the first digit (Ob2) are aligned to the Federal Handbook. Codes for Expenditures are listed on Tab “BOTH-ExpObj”.

The following table outlines those digits in the Object number that will be used for reporting purposes.

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Revenue**  | **Expenditure** | **Balance Sheet** |
| **Ob1 - 1 digit** | Mandatory | Mandatory | Mandatory |
| **Ob2 - 3 digits** | 1st digit mandatory | 1st digit mandatory | 1st digit mandatory |
| **Ob3 - 1 digit** | Not required | Mandatory | Not required |

**Grant/Project – 3 digits**

For federal and state grant funds, the Grant/Project code is intended to identify the grant award year, since some grants may span more than one year. A third digit may be used to further identify the grant if necessary. For other funds, the Grant/Project code is available for district use. Codes for Grant/Project are listed on Tab “ED-ProjectCode”.

|  |  |  |  |
| --- | --- | --- | --- |
|   | **Revenue** | **Expenditure** | **Balance Sheet** |
| **Pj1 - 2 digits** | Mandatory for state and federal grants paid by or passed through CSDE | Mandatory for state and federal grants paid by or passed through CSDE | Not required |
| **Pj2 - 1 digit** | Not required | Not required | Not required |

Pj1 –Mandatory for Special Revenue fund federal and state prepayment grants that have form ED114 budgets. Indicates ending year of fiscal year, ex. “15” for 2014-15.

## Account Descriptions – Names if implementing the UCOA in local accounting systems

The UCOA includes specific numbers and specific names for each code within each segment. The segments are to be combined into a string which when placed together represent a single account. If mapping a local chart of accounts to the UCOA, this section is not applicable. However, districts that use the UCOA when implementing a new accounting system will want to identify accounts in a manner that will readily inform the reader of the content. To do so will require using the names from at least two or more segments to form the descriptor. It will be impractical to include the names from each segment to form an account name.

The Object segment will generally contain the primary cost category and should be the lead descriptor in the account name. Depending on the purpose and reason for the account to exist, account names from the other segments can be combined to help form the descriptor.

*Example*

*Suppose we have costs for “Art Magazines”. There is not an Object account that is specific to Art Magazines, but there is an account for Books and Periodicals (56400). To identify this cost as Art Magazines would require combining the Object account noted and the Program account, Fine and Performing Arts (105). Accordingly, the account name could be Books and Periodicals, Fine and Performing Arts. This would be sufficient to be informative to a user.*

In the example above, we combined the Object segment with the Program segment, but a district might also combine with the Fund or Location segments to form the descriptor. Where there is sufficient space, a district may combine names from more than two segments.

The best guidance is to start with the name from the Object segment and couple this with one or more other segments to define the account so the reader understands the contents of each account clearly.

Although uniformity of account names used in each accounting system will not be possible, every effort should be made by districts to use the guidance provided herein for naming accounts.

# Appendix A – Balance Sheet Account Definitions

### Balance Sheet Code Definitions – Assets

#### 10000 Cash & Cash Equivalents

All funds on deposit with a bank or savings and loan institution, including interest-bearing and non-interest-bearing accounts. Includes cash on hand, petty cash, restricted and unrestricted cash, cash with fiscal agents, and short-term investments.

#### 11000 Taxes Receivable & Assessments Receivable

The uncollected portion of taxes that a district has levied and that has become due, including any interest or penalties that may be accrued. Separate accounts may be established on the basis of tax roll year, current and delinquent taxes, or both. Also includes those portions of taxes receivable estimated not to be collectible.

#### 12000 Accounts Receivable

Amounts owing on open account from private persons, firms, or corporations for goods and services furnished by a district (but not including amounts due from other funds). Also includes that portion of receivables estimated not to be collectible.

#### 13000 Other Receivables

Amounts owing on open account from others not classified elsewhere. Also includes those portions of receivables estimated not to be collectible.

#### 14000 Interfunds

An asset account used to indicate amounts owed to a particular fund by another fund in the same district for goods sold or services rendered. It is recommended that separate accounts be established for each inter-fund receivable.

#### 15000 Inventories

All merchandise and goods that are available for sale or will be ready for sale and all materials and supplies that will be used by the district itself.

#### 16000 Investments

Investments include securities and real estate held for producing income in the form of interest, dividends, rentals, or lease payments. The account does not include capital assets used in school district operations.

#### 17000 Capital Assets

Those assets that the district intends to hold or continue to use over a long period of time. This is applicable to Proprietary type funds and Trust funds only. Specifically, capital assets include land, improvements to land, easements, buildings and building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives that extend beyond a single reporting period. Also includes accumulated depreciation accounts used to track depreciation amounts for assets.

#### 18000 Other Assets

Includes items such as deposits as a prerequisite for receiving services or goods, inventory for consumption and inventory for resale, and other assets not properly recorded elsewhere. Includes expenditure/expense paid for benefits not yet received. Examples of prepaid expenses are prepaid rent, prepaid interest, and unexpired insurance premiums. Separate accounts may be established for each type of prepaid item.

#### 19000 Deferred Outflows

The current consumption of net assets that is applicable to a future reporting period.

### Balance Sheet Code Definitions – Liabilities

#### 20000 Accounts Payable

Liabilities on open account owing to private persons, firms, or corporations for goods and services received by the district but not including amounts due to other funds of the same district or to other governmental units.

#### 21000 Interest Payable

Interest due to be paid within one year.

#### 22000 Unearned Revenue

Relates to cash or payment received for which the recognition of revenue is deferred or allocated to another financial period or periods.

#### 23000 Current Portion of Long Term Payables

Represents the total amount of long-term liabilities that must be repaid within one year.

#### 24000 Non-current Liabilities

Bonds that have not reached or passed their maturity date but are due within one year or more. Includes general obligation bonds, bond anticipation notes, and other similar debt. Also includes capital leases, net pension obligations, and amortized premiums and discounts.

#### 25000 Other Liabilities

Includes items such as current obligations for capital leases, judgments and claims, compensated absences, deposits received as a requisite for providing goods or services, and other liabilities not properly recorded elsewhere.

#### 26000 Deferred Inflows

The current acquisition of net assets that is applicable to a future reporting period.

### Balance Sheet Code Definitions – Equity

#### 30000 Fund Balance – Non-Spendable

Required Fund Balance accounts to be used in compliance with GASB 54 for amounts that meet the definition of Non-Spendable. Refer to GASB 54 for definitions and requirements.

#### 31000 Fund Balance – Restricted

Required Fund Balance accounts to be used in compliance with GASB 54 for amounts that meet the definition of Restricted. Refer to GASB 54 for definitions and requirements.

#### 32000 Fund Balance – Committed

Required Fund Balance accounts to be used in compliance with GASB 54 for amounts that meet the definition of Committed. Refer to GASB 54 for definitions and requirements.

#### 33000 Fund Balance – Assigned

Required Fund Balance accounts to be used in compliance with GASB 54 for amounts that meet the definition of Assigned. Refer to GASB 54 for definitions and requirements.

#### 34000 Fund Balance – Unassigned

Required Fund Balance accounts to be used in compliance with GASB 54 for amounts that meet the definition of Unassigned. Refer to GASB 54 for definitions and requirements.

#### 35000 Net Position – General Government

The excess of assets and deferred outflows over liabilities and deferred inflows of all fund types. Can include reserves for encumbrances and for other purposes as designated by the district. For use with Governmental and Business type activities, Proprietary Funds and Trust Funds.

#### 39000 System Control Accounts

Reflects the total balances of related subsidiary-ledger accounts.

# Appendix B – Guidance for Charter Schools

## GAAP for Charter Schools

Governmental agencies, such as traditional school districts and regional offices of education, use the governmental fund accounting model and the modified accrual basis of accounting for their governmental activities. Charter schools that are governmental use this basis of accounting. The authoritative source of generally accepted accounting principles (GAAP) for this model is the Governmental Accounting Standards Board (GASB).

Not-for-profit Charter Schools that operate as, or are operated by, a nonprofit public benefit corporation pursuant to Section 501(c) (3) of the *Internal Revenue Code* typically use the not-for-profit accounting model and the accrual basis of accounting. The authoritative source of GAAP for this model is the Financial Accounting Standards Board (FASB).

The not-for-profit model more closely resembles private-sector (for-profit) accounting than governmental fund accounting. Nongovernmental not-for-profit entities using this model present external financial statements consisting of a Statement of Financial Position, a Statement of Activities, a Statement of Cash Flows, and Notes to the Financial Statements.

## Formats for Reporting Charter School Financial Data to SDE

All Charter Schools, irrespective of the method of accounting used for its external and internal reporting purposes, will follow the requirements of the UCOA when reporting data to CSDE. If a Charter School follows FASB guidelines, the affected accounts that differ from GASB guidelines must be modified prior to reporting to CSDE.

Charter Schools are not required to physically record these changes in their accounting records, but must modify the data to be uploaded to CSDE and must maintain an adequate record of the modifications made for audit purposes.

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